Background

The price value category continues to experience rapid growth (+ 2.5 share points) over the past 12 months (MSA: August '89). Share projections for full year '89 indicate that price value brands will represent in excess of 14.5% of industry volume.

New product introductions and market segmentation continue to expand category growth and consumer acceptance. Today over 15 franchises exist within the price value segment (excluding black and whites/private labels). Brands such as Magna and Viceroy have been introduced or repositioned to capitalize on the male smoker segment; Alpine/Belair are attracting price sensitive menthol smokers; and Malibu/Pyramid/Montclair have employed new pricing strategies.

The emergence of the sub-generic category in early '89 has resulted in an extremely rapid consumer acceptance of this price point, despite limited distribution gains. Current industry data positions the segment at the 1.0 share level (MSA: 3MM August '89), with consumer availability in only 28% of food store ACV* (Nielsen: August '89). Share performance is as high as 2.5% at the section level (Sections 42 and 61), while over a 5.0 share in select markets (Louisville, Big Sky).

* Any packing

Objective

The price value category is and will continue to be an extremely important segment over the next five years. Both price value brand performance and new product introductions will remain key ingredients to maintaining strong annual volume gains by PM USA. As long as the industry continues to experience rapid Price Value growth, PM's objective is to develop brands that will capitalize on specific category segments (i.e. Alpine) or to participate in all viable/strategically important segments (Cambridge: Branded generic; FVB: Black and White/Private Labels).

Given this objective, PM USA is committed to the successful and rapid launch of Bristol, which will compete at the sub-generic price point.

Strategy

Bristol will be launched into highly developed sub-generic environments effective December 4, 1989 (Retail). The launch will be conducted on a Section basis, with 12 Sections involved in the Phase 1 roll-out (see attached listing/map).

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Source: https://www.industrydocuments.ucsf.edu/docs/qjdy0004

Bristol Phase 1 Section Roll-out
(MSA: 3MM August '89)

	SDI		% Contribution		
	Sub-generic	P/V	Sub-generic	P/V	Industry
Section Composite	164*	123*	70.7	52.4	42.5

* Average

Given the extreme concentration of sub-generic performance, our tactic will be to establish the Brand in geographically strategic markets as quickly as possible.

Key Dates

- Notify Section management . . . . . Monday, November 6
- Management/Retail meetings . . . . . Friday, November 17
- Retail coverage . . . . . Week of December 4
- Retail Pre-book/Management Sell-in. . Week of November 20
- Begin shipping product . . . . . Week of November 27

Product

- Four packings (soft pack): Lights Kings, Lights 100's, Regular/Menthol
- Tipping: Non-Menthol: Cork
  Menthol: White
- Delivery (T & N):

	Tar	Nicotine
Lights Kings	11 mg.	0.8 mg.
Lights Kings Menthol	11 mg.	0.8 mg.
Lights 100's	11 mg.	0.8 mg.
Lights 100's Menthol	11 mg.	0.8 mg.

- 20 cigarettes per pack, 10 packs per carton, 200 cigarettes per carton.
- List price:

Kings:	$21.75/M	$261/case
100's:	$23.00/M	$276/case

- Case size: 12M

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Source: https://www.industrydocuments.ucsf.edu/docs/qjdy0004

- o UPC Codes:

	Kings Lights		100's Lights	
	Regular	Menthol	Regular	Menthol
Pack	00222	00223	00224	00225
Carton	12220	12230	12240	12250
Case	02220	02230	02240	02250
Suppressed	282222	282232	282242	282252

Wholesale Offer

- o Introductory period: December 1 - January 12

- o Terms: 3 1/4 - 30 days (Introductory); 2% - 14 days, plus 1 1/4% if payment received in 12 days (Standard).

- o Allocation: 1% Industry month
  30% Lights Kings
  20% Lights Kings Menthol
  30% Lights 100's
  20% Lights 100's Menthol

Note: Section should make arrangements to provide allocations to accounts not included in launch areas, if account supplies sufficient retail outlets in introductory sections.

- o Introductory Allowance*: $12.00 per allocated case during introductory period.

* All efforts should be made to ensure receipt of product during the first week of December to meet sales rep's pre-booking commitments.

- o ~~Volume~~ Incentive Program: Beginning January 15, all shipments of Bristol will carry a $9.60/case allowance paid by credit memo. An additional $2.40/case allowance can be received by direct accounts if Brand is advertised to retail customers on a monthly basis during 1st Quarter '90 and quarterly thereafter.

Note: Direct retail chains will only be entitled to the $9.60/case allowance.

- o Bristol 1990 Quarterly Display Program: Direct accounts will be paid $24.00/case for shipment of 30 or 60 cartons and placement of display to retail outlets during the last month of each quarter. Distributors will be required to provide a listing of participating accounts prior to the start of program month and place display orders 4 to 6 weeks prior to program period. Program is limited to one display per retail outlet per month.

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Source: https://www.industrydocuments.ucsf.edu/docs/qjdy0004

- o Masters: All Bristol volume will be eligible.
- o Sell-in Samples: Will not be provided due to the short lead-time available.
- o No vending programs.

Retail Strategies

Due to the geographic concentration of the sub-generic category, the Bristol roll-out will be conducted on a targeted basis by Section. Within Section, distribution strategies should be established that maximize manpower efforts and capitalize on market potential. Recommended penetration strategies are as follows:

- High-volume independents/Price Clubs
- Border stores/Indian reservations
- Chains participating in the category
- Lower volume independents participating in the category

Merchandising/Pricing

Gaining retail visibility for Bristol is critical. Maximizing retailer participation in either the Display Incentive or, AV Exclusivity programs, should be the Field's highest priority, once distribution is gained. Use of existing AV's should be viewed as secondary to alternatives provided. As Bristol is primarily a price-proposition, Sales must ensure that price call-outs are established by the retailer and are clearly communicated to the retail customer. The absence of on-carton coupons should provide for clear and easy price communication to the consumer.

A video discussing the role PM representatives can play in suggesting the resale price of Bristol will be provided to Field Sales. Section Directors will be responsible for ensuring that this video is shown at upcoming meetings and that Section manpower clearly understands this aspect of the introduction.

Carton merchandising of Bristol should be strategically sought at retail. Prime position within the retail area designated for sub-generics should be obtained for this brand.

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Source: https://www.industrydocuments.ucsf.edu/docs/qjdy0004

Trade Class

- Pack outlets should be viewed as low priority accounts due to PM USA's extremely high share development in this channel. Exceptions to this approach should include those outlets that are aggressively promoting the sub-generic segment. In this case every effort should be made to establish Bristol as a viable alternative. Pack merchandising strategies will focus S/R's to the use of temporary and semi-permanent displays, minimizing cannibalization of Cambridge & Alpine.

Note: BRISTOL is only to be merchandised on BV's if no other alternative is available.

- Traditional carton outlet (supermarkets) merchandising priorities are listed below for Bristol's roll-out into this channel. Price call out is often difficult and limited, therefore, attention must be paid to achieving on-shelf price communication through materials supplied or retailer designated items.

  Merchandising Priorities

  - Place free standing AV exclusively for BRISTOL or consolidate Sub-Generic category.
  - Gain retailer participation in Display Incentive Program.
  - Buy additional p/v rows for BRISTOL.
  - Place BRISTOL on existing AV's; convert AV Header to BRISTOL for 3-months.
  - Cannibalize rows of slow moving brands (i.e. Players 25's/Players Black, Saratoga, etc.) if appropriate.
  - Cannibalize existing PM price/value rows if existing space permits.

NOTE: Under no circumstances are rows to be bought on competitive Sub-generic fixtures.

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Source: https://www.industrydocuments.ucsf.edu/docs/qjdy0004

- High volume carton outlets are key to BRISTOL's success. In this environment PM's objectives is to establish large displays & strong price call-out through tools provided. S/R attention should be focused on the value rack program or the use of DIP, building large retailer specific displays during the introductory period. The use of semi-permanent carton racks is authorized for DIP displays in excess of 60 cartons.

  S/R's are authorized to conduct two (2) store sales per month (Jan - Feb) in these outlets. $1.00/ctn price reductions are authorized for store sales, with a maximum usage of 100 cartons per store sale. VPR stickers will be provided in all s/r kits.

Retail Elements

- Down-the-street coverage begins December 4 with the month of December dedicated to: gaining distribution, establishing a home for the brand, providing sufficient retail inventories, and establishing strong price call-outs. Regular call coverage should be abandoned & retail contact dictated by program priorities.

- Gratis will be offered to all accounts, including direct retailers, once during the introduction. The following schedule will apply during weeks 1 - 8. A straight 10% gratis allowance will be authorized if Brand acceptance is after Week 8.

Bristol Gratis Schedule

Volume	Amount Purchased	Gratis	Maximum Cartons
0 - 499 CPW	1 - 100	20%	20
	101 - 200	10%	10
TOTAL			30
500 + CPW	1 - 100	20%	20
	101 - 600	10%	50
TOTAL			70

Display/POS

- A limited variety of temporary materials will be provided for Month 1. Effective January a broader range of items will be available to establish retail presence and price communication at retail. Additional blank price bursts are included in s/r kits. Air freighting of materials will be required to meet established schedule.

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Source: https://www.industrydocuments.ucsf.edu/docs/qjdy0004

Note: All POS items will be regularly available through the KDC. An introductory allocation should be supplied to the Field, following which it will then be the Field's responsibilty to re-order materials as needed.

- Set/Sell Payments

  40 and 20 pack: $2.00
  pack outlet combo: $4.00
  200 pack dump bin: $10.00
  Multiple check-lanes: $2/Display up to 3 displays
  $3/Display for 4 or more
  Semi-permanent set/sell: $10/month (self-service)
  $5/month (non self-service)
  Payment available Months 1-4

Consumer Promotions/Supplemental Displays

- Weeks 1-4: Sales Reps will each be provided with 1,000 2 for 1 polywraps to support this introduction at retail and gain consumer trial. Product can either be assembled by Sales Reps at retail or arrangements be made by AM's/SAM's to have deals assembled and product segregated at Distributor headquarter points. An allowance of $6.00/case will be offered to Distributors for assembling 2 for 1 promotions.

- Weeks 5-8: A second wave of 2 for 1 promotions will be provided to Sales Rep's during January. Factory supplied product will be provided with shipments to the Field during the first week of January. Allocations will be made at the Section level per the attached schedule. Normal promotional product ordering procedures should be followed.

  Note: Two for one placements should be targeted for key carton outlets, in addition to pack outlets, in order to gain early trial in this environment.

- Display Incentive Program (weeks 5-12): A 30 or 60 carton combo A-1 will be provided to establish retail presence. Additionally, store configured displays can be utilized in higher volume outlets if account agrees to place & maintain price call-out on POS material in sufficient size & quantity as deemed adequate by PM USA representative. The following payment schedule applies to retailers who will maintain the DIP for an agreed to period of time, keeping the display stocked.

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Source: https://www.industrydocuments.ucsf.edu/docs/qjdy0004

Payment Schedule

Maintenance Period	30 ctn	60 ctn	200 Pack Dump Bin	Store Configured Display (500+ cpw) 120 ctn	180 ctn	240 ctn	300+ ctn
2 weeks	$ 6	$12	$ 5	$ 24	$ 36	$ 48	$ 60
4 weeks	$12	$24	$10	$ 48	$ 72	$ 96	$120
8 weeks	$36	$72	$30	$144	$216	$288	$360

Note: Not available to stores participating in the Bristol Value Rack Program.

- Pack Outlet DIP: A special combination (pack/carton) display has been developed for the Bristol introduction. The display holds a total of 10 cartons (6 ctns; 40 packs) and can be placed in a self-service or non self-service position. Payment schedule is as follows:

Pack Outlet DIP
Payment Schedule

Duration	Payment
2 weeks	$ 4
4 weeks	$ 8
8 weeks	$24

- Bristol Value Rack Exclusivity: Value racks can be used to exclusively merchandise Bristol at retail. The following criteria and payment schedule will apply.

Criteria	Payment Schedule/Month	300-499 cpw	500+ cpw
- Rack used exclusively for Bristol	- AV extender rack:	$15	$20
- Retailer maintains display header	- 4-wide AV*:	$48	$64
- Retail outlet sells 300+ cartons/week, primarily by the carton	- 7-wide AV*: or semi-perm carton rack	$84	$112

* Extra shelf to be paid at equivalent row payments.

If the retailer chooses to consolidate his sub-generic brands onto one unit, BRISTOL value racks (4 or 7 wide) can be used per the following schedule.

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Source: https://www.industrydocuments.ucsf.edu/docs/qjdy0004

- Display Incentive Program/Value-Rack Exclusivity: These programs will be available to the military. All elements of the national programs are applicable.

- POS: POS items listed should be made available to all AMMS' as appropriate.

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Source: https://www.industrydocuments.ucsf.edu/docs/qjdy0004

BRISTOL
MATERIALS TIMETABLE

		A&K DUE	DUE KDC	DUE FIELD
3wks	MANAGEMENT MATERIAL	11/3	N/A*	11/15
	MONTH 1 POS	11/6	w/o 11/27	12/1
	MONTH 2 POS	11/10	w/o 12/18	12/29

* TO BE DROP SHIPPED FROM SUPPLIER.

POS 4wks

Cardboard 6-8 wks

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BRISTOL

Management Materials Listing

Item	POS #
Letterhead	53929
Trade Brochure	53930
Pre-booking Form	53932
Sell Sheets	
DIP	53931
Value Rack	54042
DIP Pack Outlet	54062

BRISTOL

Retail Materials Listing

Item	POS #
AV Header (front)	53934
AV Header (back)	53935
BV Header	53936
BV Fence	53937
40-pack Set Sell	53938
20-pack Set Sell	53939
200-pack Dump Bin*	53940
60 carton A-1 Combo*	53941
30 carton A-1 Combo*	53942
Pack Outlet Combo*	54061
Semi-permanent Set Sell+	40770
Semi-permanent Set Sell Header	53944
Semi-permanent Carton Rack*	47090
Semi-permanent Carton Rack Header*	53946
AV Extender Rack+	46661
AV Extender Header*	53948
AV Extender Sides*	53949
Large Poster (standard)	53950
Large Easel Card*	53951
Shelf Talker (standard)	53952
Shelf Talker (static cling)*	53953
Multipurpose card	53954
Small Dangler*	54050
Large Dangler*	54049

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Source: https://www.industrydocuments.ucsf.edu/docs/qjdy0004

Indoor Banner (4 foot)*	47732
Outdoor Banner (8 foot)*	47733
Large Static Cling (3' x 4')*	53955
Special Offer Strips	53956
Price Bursts	53957
Price Numerals**	
3/4"	45191
1"	45273
1 1/2"	45274
2 For 1 Polywrap	53963
2 For 1 U-Bands	54051
VPR Stickers	
$ .50*	53964
$ .75*	53965
$1.00*	53966
Carton Rack Labels	
Lights Kings	53959
Lights Kings Menthol	53960
Lights 100's	53961
Lights 100's Menthol	53962
Pack Rack Labels (clear)	
Kings Lights/Lights Menthol	53967
100's Lights/Lights Menthol	53968
Military-On-Carton Coupons	
$1.50 Off*	53971
$1.00 Off*	53972
Repacks	
Lts Kings	53974
Lts Kings Menthol	53975
Lts 100's	53976
Lts 100's Menthol	53977

* Required Month 2
** Re-order
\+ Displays have headers for other brands; replace with Bristol headers.

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Source: https://www.industrydocuments.ucsf.edu/docs/qjdy0004

BRISTOL SECTION SELECTIONS

Section	SDI		% Contribution		
	Sub-Generic	P/V	Sub-Generic	P/V	Industry
42	263	143	10.25	5.57	3.90
34	252	155	9.45	5.78	3.74
13	229	94	8.09	3.31	3.53
33	214	137	7.25	4.66	3.39
45	198	129	8.82	5.73	4.46
31	149	119	4.41	3.52	2.97
32	126	122	3.77	3.65	3.01
51	124	112	4.21	3.81	3.40
22	117	119	3.02	3.06	2.57
44	104	103	4.12	4.11	3.98
35	99	125	3.70	4.69	3.75
23	95	118	3.61	4.47	3.79
TOTAL	164*	123*	70.7	52.4	42.5

* Average

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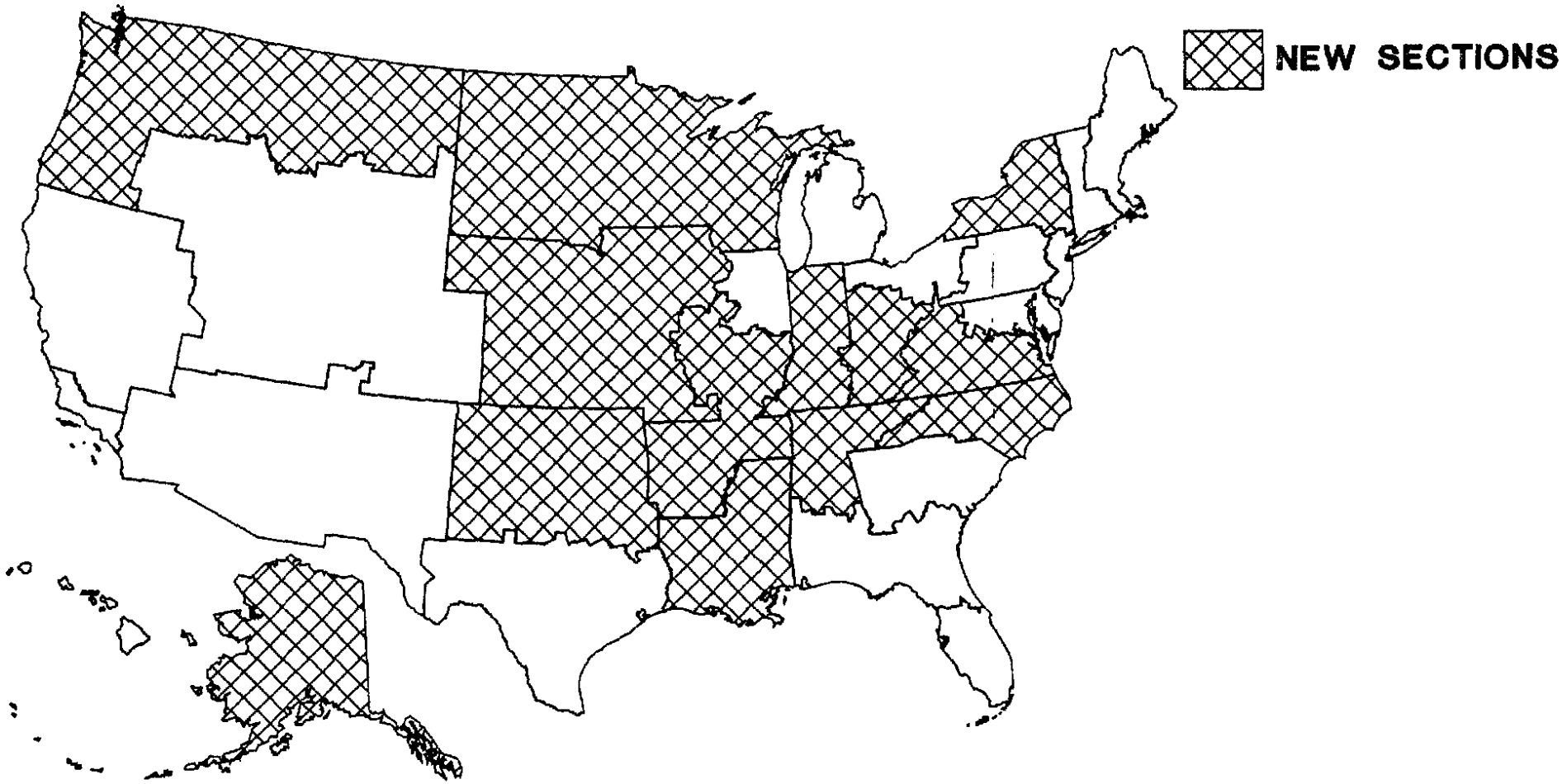
Source: https://www.industrydocuments.ucsf.edu/docs/qjdy0004

Source: https://www.industrydocuments.ucsf.edu/docs/qjdy0004

BRISTOL PHASE 1

INTRODUCTORY STAGE



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BRISTOL SECTION ROLL-OUT

SECTION	# S/R's	# RM's	# SAM's	# AM's	# STORES	# A/V's	# B/V's
13	60	8	3	6	6,261	921	2,573
22	61	7	1	6	6,362	2,062	2,892
23	88	9	1	6	8,413	3,661	4,163
31	64	7	1	6	7,543	2,266	3,557
32	79	10	2	7	8,020	1,740	3,932
33	73	9	2	8	8,045	1,709	3,394
34	79	11	2	8	8,061	2,052	3,067
35	94	12	3	8	10,069	2,819	5,704
42	68	10	2	7	7,387	1,728	2,260
44	84	10	2	12	9,149	1,671	2,927
45	74	8	2	4	7,408	1,954	3,461
51	67	10	2	5	6,780	1,565	2,279
TOTAL	891	111	23	91	93,498	24,148	40,389
% OF NATIONAL	41.4%	41.7%	40.4%	50.3%	40.0%	44.5%	39.6%

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Source: https://www.industrydocuments.ucsf.edu/docs/qjdy0004

BRISTOL 2 FOR 1 PRODUCT ALLOCATION

			6M Cases			
Section	Deals	Total # Cases	Lts. Kings	Lts. Kings Menthol	Lts. 100's	Lts. 100's Menthol
13	105,000	700	210	105	280	105
22	105,000	700	210	105	280	105
23	150,000	1000	300	150	400	150
31	105,000	700	210	150	280	150
32	135,000	900	270	135	360	135
33	120,000	800	240	120	320	120
34	135,000	900	270	135	360	135
35	150,000	1000	300	150	400	150
42	150,000	1000	300	150	400	150
44	120,000	800	240	120	320	120
45	120,000	800	240	120	320	120
51	105,000	700	210	105	280	105
TOTAL	1.5M	10,000	3,000	1,500	4,000	1,500

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Source: https://www.industrydocuments.ucsf.edu/docs/qjdy0004

BRISTOL SECTION SELECTION
CONVERSION TO TRADING AREA

SECTION	MARKETS
13	Syracuse Rochester Buffalo Albany
22	Richmond Roanoke Hunt-Charleston
23	Raleigh-Durham Winston-Salem Charlotte
31	Nashville Knoxville Chatanooga Birmingham
32	Jackson Shreveport Lake Charles-Monroe New Orleans
33	St. Louis Memphis Little Rock
34	Omaha-Lincoln Wichita Kansas City Des Moines
35	Oklahoma City Tulsa Dallas Lubbock-Amarillo
42	Louisville Indianapolis Ft. Wayne
44	Milwaukee Green Bay Minnessota Dakota
45	Cincinnati Columbus
51	Big Sky Spokane Seattle Portland

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